

Message Text

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12

ACTION EB-07

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TAGS: GATT, MTN, EEC

SUBJECT: COMMISSION OFFICIAL VIEWS ON MTN ISSUES

1. DURING CONVERSATION WITH MISSION OFFICER SEPTEMBER 13, EC DIRECTOR FOR GATT AFFAIRS RAYMOND PHAN VAN PHI DISCUSSED HIS THINKING ON TREATMENT OF MAJOR MTN ISSUES DURING THE REMAINDER OF 1976. PHAN VAN PHI ADDRESSED THREE MAIN CATEGORIES OF ISSUES: TARIFFS, NON-TARIFF MEASURES AND AGRICULTURE.

2. TARIFFS: PHAN VAN PHI AGREED THAT AGREEMENT ON AN OVERALL TARIFF FORMULA WAS STILL POSSIBLE DURING 1976. US AND EC HAVE ALREADY TABLED THEIR FORMULAS. WHAT IS NECESSARY, IN HIS VIEW, IS THAT OTHER MAJOR PARTICIPANTS (HE MENTIONED JAPANESE, SWISS, AND SCANDINAVIANS) SHOULD TABLE THEIRS. THE IDEA WOULD BE FOR ONE OF THOSE TO COME UP WITH A FORMULA WHICH WOULD BE EXPRESSED IN TERMS NOT EASILY IDENTIFIABLE WITH EITHER THE US OR THE EC FORMULA BUT WHICH WOULD NONETHELESS NARROW THE AREA OF DIFFERENCE

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BETWEEN THE TWO. IF A THIRD PARTY COULD BE INDUCED TO TABLE

A FORMULA WHICH WOULD MEET SOME OF THE COMMUNITY'S DESIRE FOR HARMONIZATION, PHAN VAN PHI INDICATED THAT THE COMMUNITY MIGHT BE ABLE TO AGREE ON A FORMULA BY NOVEMBER OR DECEMBER.

3. NON-TARIFF MEASURES: PHAN VAN PHI CONSIDERED THAT CONSIDERABLE PROGRESS HAS BEEN MADE ON A GOVERNMENT PROCUREMENT CODE. HE THINKS THAT THE NEXT STEP WOULD BE TO BRING THE OECD TALKS INTO THE MTN FRAMEWORK AND IN THE PROCESS EXPLAIN THE ISSUE TO THE LDCS. WITH FEW EXCEPTIONS (HE MENTIONED BRAZIL), HOWEVER, THERE SHOULD BE LITTLE IN THE CODE OF INTEREST TO THEM AND IT WILL REMAIN LARGELY A DEVELOPING COUNTRY MATTER. NEVERTHELESS BECAUSE OF THE COMPLICATION OF BRINGING THE LDC'S ALONG, PHAN VAN PHI WAS DOUBTFUL THAT DISCUSSIONS COULD BE FINISHED THIS YEAR. SIMILARLY, PHAN VAN PHI THOUGHT THAT PROGRESS WOULD BE POSSIBLE ON A STANDARDS CODE SOMETIME NEXT SPRING.

4. AGRICULTURE: PHAN VAN PHI HAS JUST RETURNED FROM A ONE MONTH STAY IN THE UNITED STATES AS LEADER GRANTEE. HE PREFACED HIS REMARKS ON AGRICULTURE WITH A COMMENT THAT HE HAD HEARD IN MANY CIRCLES IN THE U.S. THAT THE SITUATION OF INTERNATIONAL AGRICULTURAL TRADE WILL BE CHARACTERIZED BY SCARCITY FOR THE FORESEEABLE FUTURE. HE SAID THAT THIS AGREED WITH HIS AND THE COMMUNITY'S VIEWPOINT. IN SUCH A SITUATION, THERE SEEMS TO BE NO MERIT IN HAVING THE COMMUNITY DISMANTLE ITS OWN AGRICULTURAL PRODUCTION EVEN IF IT MAY NOT COMPARE WITH THAT OF OTHER COUNTRIES IN TERMS OF COST EFFECTIVENESS. WITH THAT SAID, HE ADDED THAT THERE WAS INTERNAL CRITICISM OF THE COMMON AGRICULTURAL POLICY AND EC MIGHT BE LED TO ACCEPT LIMITED CHANGES IN ITS OPERATIONS. PHAN VAN PHI DID NOT THINK, HOWEVER, THAT MUCH COULD BE DONE ON THIS SUBJECT UNTIL NEXT YEAR. IN ORDER TO AVOID AN IMPRESSION OF TOTAL LACK OF PROGRESS IN AGRICULTURE AND TO ALLOW WORK TO GO FORWARD IN OTHER AREAS SUCH AS STANDARDS, HE DID THINK THAT WE SHOULD CONSIDER AGAIN THE NEED FOR AN EARLY MEETING OF GROUP AGRICULTURE. ONE SUBJECT THAT SUCH A MEETING COULD LOOK INTO, FOR INSTANCE, WOULD BE THE APPLICATION OF THE PROPOSED STANDARDS CODE TO PERISHABLE AGRICULTURAL GOODS.

5. COMMENTS AND RECOMMENDATION: MUCH OF THE CONVERSATION REPORTED ABOVE CAN BE CHARACTERIZED AS "THINKING OUT LOUD" BY PHAN VAN PHI. WITH THAT CAVEAT, HIS COMMENTS DO INDICATE THAT LIMITED OFFICIAL USE

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AGREEMENT ON A TARIFF FORMULA IS ONE OBJECTIVE THAT MAY BE WITHIN REACH OVER NEXT FEW MONTHS. AS MISSION UNDERSTANDS CURRENT THINKING, SCANDINAVIANS ARE NOT LIKELY TO SUBMIT THEIR OWN FORMULA AND THE JAPANESE AND SWISS ARE LIKELY TO TABLE SOMETHING MUCH CLOSER TO THE EC POSITION THAN OUR OWN. ACCORDINGLY, TIME MAY BE RIGHT TO MAKE A MAJOR EFFORT WITH ALL THREE TO SEE WHETHER ONE OR MORE OF THEM WOULD SEE IT IN ITS INTEREST TO TABLE A FORMULA WHICH WOULD MEET US TARIFF CUTTING

OBJECTIVES ADEQUATELY AND SERVE AS A CATALYST TO GET THE TARIFF
DISCUSSION MOVING IN A HELPFUL WAY.HINTON

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